

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

MAY 22 1981

Dear Applicant:

Your application for exemption from Federal income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code has been considered.

The information submitted by you discloses that your organization was incorporated as a nonprofit organization under the statutes of the State of [REDACTED] on [REDACTED]. Your purpose, as stated in the Articles of Incorporation, is to stimulate and promote civic activities, special events at [REDACTED], cooperative advertising, and other joint endeavors in the general interest and of interest to the members, and to foster and maintain high standards in business dealings in [REDACTED].

Your organization is a membership association composed of the business tenants of [REDACTED] and the landlord of the Center. Membership is mandatory, and no businesses, firms, or individuals other than the tenants of the Mall, are permitted voting membership.

The activities of the organization consist of promoting business activities at [REDACTED] through cooperative advertising and promotion. Each month a particular promotion is planned and advertised through the various media (radio, television and newspapers). Events such as craft shows, car shows, local artists, etc. are scheduled in the mall corridors to help attract customers to the sales. The promotions are financed primarily by dues paid by member merchants.

At least [REDACTED] of the Directors of the association are named by the landlord. The landlord has the exclusive power to employ and/or replace the manager of the Shopping Center, and [REDACTED] of the salary of the manager is paid by the association. The landlord pays dues to the association in an amount equal to [REDACTED] of the total dues paid by the other members. The landlord is entitled to cast votes equal to [REDACTED] of all votes which all other active members may cast.

Section 501(c)(6) of the Internal Revenue Code provides for exemption from Federal income tax for business leagues, chambers of commerce, real

CODE	INITIATOR	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER
SUR-NAME	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]			
DATE	4-20-81	5-2-81		5/22/81			

[REDACTED]

estate boards, boards of trade, or professional football leagues not organized for profit, and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such interest and not to engage in a regular business of a type carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade, and its activities should be directed to the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

Since your organization is not structured along particular industry or business lines, but is composed of various types of business concerns and commercial endeavors, its right to exemption must rest on its characterization as a chamber of commerce or similar organization. In the case of a chamber of commerce or similar organization, the common business interest is the general economic welfare of a community. Membership is voluntary and open to all business and professional men and women in the community.

Revenue Ruling 73-411 denied exemption under Section 501(c)(6) of the Internal Revenue Code to a shopping center merchants' association whose membership is restricted to and required of the tenants of a shopping center which is their common lessor, and whose activities are directed to promoting the general business interests of its members.

Revenue Ruling 78-225 granted exemption under Section 501(c)(6) of the code to an organization that was operated to promote the common business interests of its members, a majority of whose businesses were located in one particular shopping center, and which has a voluntary membership open to all businesses in a neighborhood community.

An organization seeking exemption under Section 501(c)(6) of the Internal Revenue Code as a chamber-of-commerce must be one whose efforts are directed at promoting the common economic interest of all the commercial enterprises in the trade community. RETAILERS CREDIT ASSOCIATION OF ALAMEDA COUNTY V COMMISSIONER OF INTERNAL REVENUE, 90 F. 2d 47 (9th CIR. 1937); NORTHWESTERN MUNICIPAL ASSOCIATION V UNITED STATES, 22 F. SUPP. 18 (D. MINN. 1938) AFF'D., 99 F.2d 460 (8th CIR. 1938).

Your organization does not represent the general economic welfare of a whole community or area, but is solely interested in the commercial welfare of the [REDACTED]. The limitation of membership to the tenants of the shopping center is indicative of your interests in solely promoting the center.

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[REDACTED]

Based upon the information submitted, it is our opinion that you are not exempt from Federal income tax under Section 501(c)(6) of the Internal Revenue Code. Your request for exempt status is denied and you are required to file a Federal income tax return on Form 1120 each year.

If you do not agree with these conclusions, you may request Appeals Office consideration. To do this, you must submit to the District Director within 30 days from the date of this letter, a statement of facts, law, and arguments, in duplicate, which will clearly set forth your position. You also must state whether you wish an Appeals Office conference. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met.

If we do not hear from you within the time specified, this communication will become our determination in the matter.

Very truly yours,

[REDACTED]  
District Director

Enclosure:  
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